

Message Text

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21

ACTION EA-09

INFO OCT-01 ISO-00 NEA-10 EB-07 AGR-10 CIAE-00 INR-07

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R 190140Z AUG 76

FM AMEMBASSY JAKARTA

TO AMEMBASSY KUWAIT

INFO SECSTATE WASHDC 6267

AMCONSUL MEDAN

AMCONSUL SURABAYA

USDOC WASHDC

UNCLAS JAKARTA 10826

USDOC FOR MEPD

E.O. 11652: N/A

TAGS: BEXP, EINV, ID, KU

SUBJ: KUWAITI INVESTMENT IN INDONESIAN SUGAR MILL PROJECT

REF: A) 75 KUWAIT 1943, B) 75 JAKARTA 5021, C) 75 KUWAIT 1011,
D) 75 JAKARTA 2440

1. IN REFEELS AMEMBASSY JAKARTA DESCRIBED PROJECT PROPOSAL FOR SUGAR PLANTATION AND MILL IN SOUTH SULAWESI. AMEMBASSY KUWAIT SET UP APPOINTMENT FOR PROPONENT OF PROJECT, NAHAR ZAHIRUDDIN, PRESIDENT DIRECTOR OF MARISON N.V. AND P.T. INDOMILK, WITH OFFICIALS OF KUWAIT FOREIGN TRADING, CONSTRUCTING AND INVESTMENT COMPANY (KFTCIC) NAHAR WAS TO HAVE VISITED KUWAIT ON RETURN TRIP FROM GERMANY, BUT AT LAST MINUTE DID NOT KEEP APPOINTMENT.

2. NAHAR RECENTLY CALLED ON ECONOMIC/COMMERCIAL COUNSELOR TO DISCUSS DEVELOPMENTS IN PROJECT AND ASK AGAIN FOR ASSISTANCE IN SETTING UP APPOINTMENT WITH KUWAITI INVESTORS. HE FEELS THAT PROJECT MAY NOW BE MORE ATTRACTIVE TO KUWAITIS. IN ADDITION TO NAHAR'S OWN EQUITY, THE INDONESIAN DEVELOPMENT BANK (BAPINDO) WILL PROVIDE BOTH EQUITY AND LOAN CAPITAL. THE INTERNATIONAL FINANCIAL CORPORATION IS ALSO STUDYING THE PROJECT. NAHAR ALSO NOW HAS A COMPLETED FEASIBILITY
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STUDY THAT HE WOULD LIKE TO SHOW KUWAITIS. ONLY DRAWBACK TO

OTHERWISE POSITIVE STUDY IS LOW PROJECTED RATE OF RETURN IF ONLY PHASE ONE OF PROJECT IS COMPLETED. RATE OF RETURN COULD BE RAISED TO ATTRACTIVE LEVEL IF PHASE TWO, WHICH WOULD DOUBLE SIZE OF PLANTATION AND FACTORY, CARRIED OUT, IF PROPORTION OF SUGAR ALLOWED TO BE EXPORTED INCREASED (CURRENTLY LAND-USE CERTIFICATE ALLOWS 35 PERCENT TO BE EXPORTED, WHILE 65 PERCENT MUST BE SOLD INTERNALLY AT CONTROLLED PRICES), OR IF, AS RECENT TEST PLANTINGS INDICATE, ORIGINAL PROJECTIONS OF CROP YIELD CAN BE EXCEEDED.

3. PROBABILITY EXISTS THAT U.S. ENGINEERING FIRM WILL GET CONTRACT IF PROJECT GOES AHEAD, THUS GOOD POSSIBILITY ALSO FOR SALES U.S. EQUIPMENT. WOULD APPRECIATE EMBASSY KUWAIT CONTACT KFTCIC OR OTHER INVESTORS TO DETERMINE INTEREST AND ARRANGE APPOINTMENT. NAHAR WANTS TO AVOID TRAVEL DURING THE MONTHS OF FASTING AND OF THE HAJI, THUS WOULD PREFER TO TRAVEL TO KUWAIT BETWEEN LATE SEPTEMBER AND EARLY NOVEMBER.
NEWSOM

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